

# SENATE BILL REPORT

## SB 5614

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As Reported By Senate Committee On:  
Water, Energy & Telecommunications, February 23, 2007

**Title:** An act relating to investment cost recovery incentives for voluntarily funded projects of local citizens cooperating with a local governmental entity for the installation of photovoltaic systems of less than one hundred thirty kilowatts on property owned by the participating local governmental entity.

**Brief Description:** Creating investment cost recovery incentives for voluntarily funded projects of local citizens cooperating with a local governmental entity for the installation of photovoltaic systems of less than one hundred thirty kilowatts on property owned by the participating local governmental entity.

**Sponsors:** Senators Rockefeller, Poulsen, Tom and Kline.

**Brief History:**

**Committee Activity:** Water, Energy & Telecommunications: 2/14/07, 2/23/07 [DPS].

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### SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 5614 be substituted therefor, and the substitute bill do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Holmquist, Marr, Morton, Oemig, Pridemore and Regala.

**Staff:** William Bridges (786-7424)

**Background:** Public Utility Tax (PUT): Gross income derived from the operation of public and privately owned utilities is subject to the PUT. The rate for electric utilities is 3.873 percent.

Cost Recovery Incentive for Renewable Energy Systems: In 2005, the Legislature created the cost-recovery incentive program to support renewable energy systems, such as solar. Under the program, any individual, business, or local government that purchases an eligible system to generate electricity on its own property, may apply for an incentive payment from the electric utility that serves the property. The incentive is calculated off a base rate of 15 cents for each kilowatt hour of energy produced. That rate is adjusted based on where the system's equipment or components were manufactured. The payments are capped at \$2,000 per year for each applicant. The program applies to measured customers' renewable energy system kilowatt-hours generated between July 1, 2005 and June 30, 2014.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Each utility is allowed a credit against its public utility tax for renewable energy incentive payments paid to applicants. The credit is limited to one quarter of one percent of its taxable power sales, or \$25,000, whichever is greater. If incentive requests exceed the amount of credit available, the power and light business must prorate the payments.

**Summary of Bill:** Bill as referred to committee not considered.

**SUMMARY OF RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Water, Energy & Telecommunications):** Expanding the Cost Recovery Incentive Program for Renewable Energy Systems: The program is expanded to include "community-based solar energy projects." A "community based solar energy project" is a cooperative project of local citizens and a local government entity, which is voluntarily funded, for the installation of photovoltaic systems of less than 130 kilowatts on property owned by the participating governmental entity. "Local governmental entity" means any unit of local government of this state including, but not limited to, counties, cities, towns, municipal corporations, quasi-municipal corporations, special purpose districts, and school districts.

For the purpose of calculating the annual incentive, community-based solar energy projects that are located on separate parcels of property, are not to be combined, as each project is individually eligible for incentives of up to \$2,000 per year per project.

Technical Changes: Obsolete references to uniform interconnection standards are removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: People are concerned about climate change. There is a high interest about renewable energy in the Bainbridge Island community. People want to get involved but for many people the costs of a solar system are too high, their home locations are too shaded, or they do not have the time to research the best systems. All of these barriers can be overcome if community members can participate in the solar incentive program by cooperatively placing solar systems on government property. This is not permitted under the current law because leasehold interests are not eligible to participate in the incentive program. The community-government partnership envisioned for Bainbridge Island could provide the protocol for other communities. This bill has been endorsed by the Mayor of Bainbridge Island and Sustainable Bainbridge.

**Persons Testifying:** PRO: Joe Deets, Bainbridge Island resident; Stephen Douglass, Bainbridge Island resident; Bill Knobloch, Bainbridge Island City Council; Barry Peters, Sustainable Bainbridge.